

Message Text

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ORIGIN EB-07

INFO OCT-01 EA-10 ISO-00 CAB-05 CIAE-00 COME-00 DODE-00

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FM SECSTATE WASHDC

TO AMEMBASSY CANBERRA PRIORITY

INFO AMCONSUL MELBOURNE PRIORITY

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E.O. 11652: N/A

TAGS: EAIR, ETRN, AS

SUBJECT: CIVAIR- PAN AM- GOA DISCUSSIONS- AVIATION FUEL
PRICE

REF: (A) CANBERRA 2156 (B) STATE 23661 10/26/74

PAA WASHINGTON REP HAS ADVISED DEPT THAT PAA OFFICIALS
WILL DISCUSS GOA FUEL PRICING POLICY WITH EMBASSY ON
APRIL 18. SUGGEST YOU MAKE FOLLOWING POINTS TO PAA REPS:

1. USG CANNOT ACCEPT PRINCIPLE OF PRICE RECIPROCITY
ADVOCATED BY PAA (PARA 5 REFTEL (A)) SINCE THIS WOULD
BE AN UNWORKABLE FORMULA FOR DEALING WITH AVIATION FUEL
PRICING PROBLEM THROUGHOUT THE WORLD. IT SHOULD BE
NOTED FOR INSTANCE THAT WHERE AVIATION FUEL PRICES OVER-
SEAS FELL BELOW US PRICES, UNDER THIS PRINCIPLE, FOREIGN
GOVERNMENTS COULD DEMAND THAT US PRICES BE LOWERED TO
PRICE LEVEL IN THEIR COUNTRY, OR COULD JUSTIFY
DISCRIMINATORILY INCREASING LOCAL PRICES FOR US CARRIERS
TO REFLECT HIGHER US PRICES. UNDER APPLICABLE US LAWS
AND REGULATIONS, ABSENT A SHOWING OF DISCRIMINATORY
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PRACTICES AS BETWEEN PAA AND QUANTAS, IT IS DOUBTFUL THAT

THE USG HAS THE NECESSARY LEGAL AUTHORITY TO ADOPT
COUNTERMEASURES AGAINST QUANTAS. WITHOUT THIS LEVERAGE,

OFFICIAL REPRESENTATIONS ON BEHALF OF PAA WOULD BE LESS
THAN CONVINCING TO THE GOA.

2. WE REMAIN PREPARED TO TAKE WHATEVER COUNTERMEASURES
ARE NECESSARY TO REMOVE DISCRIMINATORY PRACTICES AGAINST
US CARRIERS BY FOREIGN GOVERNMENTS. A MERE SHOWING
OF LACK OF RECIPROCITY IS NOT ENOUGH TO TRIGGER US
RETALIATION; IT MUST APPEAR THAT THE FOREIGN GOVERNMENT
SOMEHOW HAS SINGLED OUT FOREIGN CARRIERS FOR SPECIAL
TREATMENT WHILE FAVORING ITS FLAG CARRIER. HENCE IF IT
CAN BE SHOWN THAT THE GOA'S POLICIES AS APPLIED TO
QUANTAS GIVE IT A DISTINCT ADVANTAGE OVER PAA, WE WOULD
HAVE A BASIS FOR REGISTERING AN OFFICIAL PROTEST WITH
THE GOA AUTHORITIES. KISSINGER

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